



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Office of Insurance

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Fraud Statistics/Charges and Convictions Activity April 2008

Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	101	301
Open Cases (Investigations-includes prior years)		275
Assigned Cases (Investigations).....	2	117
Closed Cases (Investigations).....	11	49
Closed Cases (Investigations) Exceptionally Cleared-Declined by Prosecutor.....	2	7
Charges (2 felonies).....	2	120
Convictions (2 felonies).....	2	28
Restitution Ordered.....	\$ 1,085,223.32	\$ 1,095,334.79

Charges and Convictions Activity

Barbara June Auer – Auer submitted false information to increase coverage on her automobile policy and then submitted a fraudulent claim. On 4/2/08, Auer was charged with one felony count of fraudulent insurance acts in Boone District Court.

Gail R. Kubovchik – From 12/2005 through 2/2007, Kubovchik fraudulently applied for a number of insurance policies on railroad cars that did not exist, and then obtained multiple premium finance loans to pay for the policies. She would use the first loan to pay the premiums on the policies and then use the proceeds from subsequent loans for her own personal use. She was not a licensed agent in Kentucky and therefore was not authorized to conduct insurance business. On 10/31/07, Kubovchik was charged with three felony counts of Mail Fraud in U.S. District Court, Western District of Kentucky. On 3/24/08, she pled guilty to one felony count of mail fraud, with the two remaining counts dismissed. She received 41 months imprisonment in the custody of the U.S. Bureau of Prisons, followed by three years supervised release. She was ordered to pay restitution in the amount of \$716,847.08 to Baytree Finance Company and \$358,657.58 to Premium Payment Plan, for a total restitution amount of \$1,075,504.66.

Douglas Richardson – on or about 9/8/05, Richardson presented false written statements concerning his medical history to Anthem Blue Cross Blue Shield (Anthem) on an application for health insurance. On 7/23/07, Richardson was charged with one felony count of fraudulent insurance acts in Jefferson Circuit Court. On 3/18/08, he pled guilty to the felony count and received two years diverted for five years. He was ordered to pay restitution in the amount of \$9,718.66 to Anthem and a fine in the amount of \$918.40 to the Fraud Division for investigative expenses.

Paul S. Stratman – On or about 3/31/06, Stratman struck an LG&E light pole as part of a motor vehicle accident. He received a bill from LG&E which he presented to his insurance agent. The agent gave Stratman a check made payable to him in the amount of \$2,792.02. Although Stratman knew the check was for LG&E, he used the money as if it was his own. On 4/10/08, he was charged with one felony count of theft by failure to make required disposition of property in Jefferson District Court.